GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:3409
ANSWERED ON:24.03.2005
INVESTMENT BY ONGC ABROAD
Saradgi Shri Iqbal Ahmed

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether the Government has decided to empower ONGC Videsh Ltd., (OVL) to make investment upto Rs. 300 crore in oil and gas properties abroad without going to the Cabinet for approval; and

(b) if so, to what extent increasing the limit would help the OVL to compete with China on foreign investment on Oil Cooperation?

Answer

MINISTER OF PETROLEUM & NATURAL GAS AND PANCHAYATI RAJ (SHRI MANI SHANKAR AIYAR)

(a) : Government have approved enhanced delegation of powers to the ONGC Videsh Limited (OVL) Board. The Board has been authorised to take decisions on projects involving investment upto US$ 75 Million or Rs.300 Crore, whichever is less.

(b) : The enhanced delegation of powers may not have any direct correlation with OVL competing with Chinese companies or any other company, as the degree of success in acquiring exploration and production projects mainly depends on the competitive terms offered by companies to the host Governments and decisions of the host Governments. In case of farm-in/farm-out proposals involving transactions between companies, it would depend on the deals between the companies which are usually subject to approvals of the host Government and preemption rights available to other partners in such projects.

OVL are already working with Chinese companies in Sudan and the Ivory Coast. Looking to the vast possibilities of forging alliances with Chinese oil companies in seeking acreages in third countries and bilateral cooperation in other areas of the hydrocarbon sector, the national oil companies of India and China keep in touch with each other on a case-to-case basis. Although no agreement has been signed between India and China in the area of cooperation in hydrocarbons, a joint Task Force of the Ministries of External Affairs and Petroleum & Natural Gas has been established to examine the prospects for Sino-Indian cooperation in the hydrocarbons sector.